**IUG and zero trans. Cost: Coase Rule**

- Factor ownership
  - A owns
  - B owns

- Resource use:
  - A uses, if Res. Price > B's bid.

- Income Distribution:
  - A is rich.
  - B is rich.

**IUG, zero transaction cost**

2. B (industry) owns
3. Other structures present? Fairness?
   - Talk to people to see what informal institution is present.

1. Predict: A will only accept level #2 if paid > 2. Level #2 is agreed to.
2. Predict: B accepts > 8, level #2 is agreed to.
3. Empirical result: A & B agree to level #2 and split net gain 7 & 7.

**Dawes experiment**

- W/O discussion:
  - Non-contingent 30% cooperated.
  - Contingent 45% co-op.

With discussion:
- Non-contingent 75% co-op.
- Contingent 85% co-op.